

# TELEGRAM

INCOMING AMEMB ADDIS ABABA TOR: 09 OCT 74 0809

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INFO  
CHARGE\* POL/A USAID  
MAAG ECON USIS  
USDAO CHRON 10/DDL 0849

P R 090204Z OCT 74  
FM SECSTATE WASHDC  
TO RUQMAB/AMEMBASSY ADDIS ABABA PRIORITY 4485/4486  
INFO RUQMAB/AMCONSUL ASMARA 2259 *P* RUSNAAA/USCINCEUR  
RUSNAAA/USEUCOM  
BT

~~CONFIDENTIAL~~ STATE 222270/

E.O. 11652: GDS  
TAGS: MASS, ET  
SUBJECT: ETHIOPIAN FINANCE MINISTER'S CALL ON UNDER SECRETARY SISCO *Manley*

1. SUMMARY AND ACTION REQUEST. AT OCTOBER 7 MEETING WITH UNDER SECRETARY SISCO, MINISTER OF FINANCE NEGASH DESTA REQUESTED THAT US PROVIDE ETHIOPIA ON GRANT OR CREDIT BASIS THE MILITARY EQUIPMENT WHICH IT HAD PREVIOUSLY PLANNED TO FURNISH ON A CASH SALES BASIS. REQUEST WAS IN FORM OF A MESSAGE FROM GENERAL AMAN TO SECRETARY TRANSMITTED BY MEANS OF AIDE MEMOIRE (REPORTED SEPTEL) AND FURTHER ELABORATED UPON ORALLY BY NEGASH AND ETHIOPIAN AMBASSADOR KIFLE WODAJO. IN RESPONSE SISCO SAID THAT USC WOULD EXAMINE REQUEST CAREFULLY AND WITH FULL SYMPATHY BUT THAT HIS ANSWER SHOULD NOT BE TAKEN AS ENCOURAGEMENT OR DISCOURAGEMENT CONCERNING OUR EVENTUAL SUBSTANTIVE REPLY. IT WAS QUITE POSSIBLE THAT NOTHING COULD BE DONE TO MEET THE REQUEST. FURTHERMORE, OUR STUDY OF IT WOULD BE CARRIED OUT IN THE LIGHT OF THE MUTUALITY OF OUR INTERESTS WITH ETHIOPIA AND OVERALL UNITED STATES POLICY. \*HAT WAS THE MESSAGE HE WISHED NEGASH WOULD CARRY BACK TO HIS GOVERNMENT. AFTER THE MEETING AMBASSADOR KIFLE REQUESTED THAT OUR CHARGE IN ETHIOPIA BE INSTRUCTED TO CONVEY THIS REPLY DIRECTLY TO GENERAL AMAN.

ACTION REQUESTED: CHARGE SHOULD CONVEY SUBSTANCE SISCO'S RESPONSE TO AMAN STRESSING THAT (A) THE U.S. WILL THOROUGHLY AND SYMPATHETICALLY STUDY THE REQUEST; (B) THIS SHOULD NOT BE TAKEN AS IMPLYING THE EVENTUAL REPLY

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WOULD BE EITHER NEGATIVE OR POSITIVE; (C) MUTUALITY OF INTERESTS AND US POLICY WOULD BE THE CRITICAL FACTORS IN OUR EXAMINATION OF IT; AND (D) IT WAS QUITE POSSIBLE THAT US LEGISLATIVE RESTRICTIONS AND BUDGETARY STRINGENCIES COULD PREVENT US FROM DOING ANYTHING. ON LATTER POINT YOU SHOULD AGAIN MENTION AFRICAN CEILING, HIGH PROPORTION OF GRANTS AND CREDITS ALREADY GOING TO ETHIOPIA, AND GENERAL PRESENT AND PROBABLE FUTURE BUDGETARY RESTRICTIONS WHICH APPLY TO MILITARY AID. END SUMMARY AND ACTION REQUEST.

2. SISCO MET WITH NEGASH AS RESULT OF LATTER'S REQUEST FOR APPOINTMENT WITH SECRETARY TRANSMITTED BY KIFLE ON OCT. 1, ON INSTRUCTION WHICH KIFLE EMPHASIZED CAME TO HIM FROM "THE MILITARY" AND NOT THROUGH THE USUAL FOREIGN MINISTRY CHANNELS. NEGASH PRESENTATION CLOSELY FOLLO\*ED WRITTEN MESSAGE FROM AMAN WITH FOLLOWING ELABORATIONS:

3. THE "WIND OF CHANGE" WHICH HAS OCCURRED IN ETHIOPIA IS NOW LARGELY COMPLETED BUT THE RESULTS MUST BE CONSOLIDATED. EFFORTS AND RESOURCES MUST BE DIRECTED AND DISTRIBUTED TOWARD ESTABLISHING STABILITY AND PUTTING AN END TO SOCIAL UNREST.

4. UNFORTUNATELY SERIOUS DISLOCATIONS HAVE TAKEN PLACE IN ETHIOPIA WHICH ARE NOT THE RESULT OF THE POLITICAL CHANGES BUT OF SUCH CAUSES AS DROUGHT AND INTERNATIONAL ECONOMIC FACTORS, OF WHICH THE GREATLY INCREASED PRICES OF OIL AND FERTILIZER ARE TWO IMPORTANT EXAMPLES. THESE HAVE PRODUCED A SITUATION REQUIRING ETHIOPIA TO CONSERVE AND TO REDIRECT ITS RESOURCES, CAREFULLY EXAMINING THE RIVAL DEMANDS FOR THEM INCLUDING THE DEMANDS OF NATIONAL DEFENSE.

5. NEGASH THEN INVITED KIFLE TO SPEAK ON ETHIOPIA'S MILITARY NEEDS, WHICH HE DID ALONG LINES OF AMAN'S MESSAGE POINTING OUT THAT THE GREATER PART OF PRESENT ARMS PACKAGE WAS IN CASH PURCHASES WHICH THE NEW GOVERNMENT COULD NOT HE HOPED THE USG FULLY UNDERSTOOD. (UPON QUESTIONING LATER IN THE CONVERSATION KIFLE SAID ETHIOPIA WANTED "ABOUT \$43 MILLION" IN INCREASED GRANTS AND/OR CREDITS WHICH WAS THE AMOUNT OF THE AUTHORIZED CASH PURCHASES STILL UNUTILIZED.) HE ALSO VENTURED THE HOPE THAT MAYBE

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SOMETHING COULD BE DONE ABOUT ELIMINATING THE AFRICAN CEILING, PARTICULARLY SINCE NO OTHER CONTINENTS ARE SINGLED OUT IN THIS WAY.

8. NEGASH ADDED THAT ETHIOPIA COULD NOT PERMIT DISPARITY

8. SISCO STATED HE WAS FULLY AWARE OF THE CLOSE RELATIONS AND COOPERATION BETWEEN US AND ETHIOPIA, AND HE LOOKED FORWARD TO THEIR CONTINUATION. HE KNEW THE ETHIOPIANS WERE FULLY AWARE OF WHAT US HAD DONE IN PAST IN THE LIGHT OF THIS RELATIONSHIP. OUR MILITARY ASSISTANCE WAS NOT LARGE IN ABSOLUTE TERMS BUT WAS IMPORTANT RELATIVELY, AS ETHIOPIA RECEIVED OVER 50 PERCENT OF THE TOTAL GRANTS AND CREDITS WHICH WE WERE AUTHORIZED TO PROVIDE TO ALL THE COUNTRIES IN AFRICA. THIS MILITARY AID WAS PROVIDED FOR REASONS OF MUTUAL INTEREST.

9. SISCO ADDED THAT US WOULD STUDY VERY CAREFULLY THE ETHIOPIAN REQUEST. HIS RESPONSE SHOULD NOT BE TAKEN, HOWEVER, AS ENCOURAGEMENT OR DISCOURAGEMENT CONCERNING OUR EVENTUAL REPLY. JUST AS IN ETHIOPIA THERE WERE GREAT PRESSURES ON US RESOURCES. SISCO SAID THAT AMBASSADOR KIFLE WEL UNDERSTOOD THE REALITIES OF THE SITUATION, AS EXEMPLIFIED BY THE RECENT CONGRESSIONAL TREATMENT OF AID LEGISLATION, WHICH REFLECTED THE MOOD OF THE COUNTRY TOWARD SUCH MATTERS, ITSELF A RESULT OF BOTH DOMESTIC AND INTERNATIONAL FACTORS.

10. SISCO EMPHASIZED THAT THE US STUDY OF THE ETHIOPIAN REQUEST WOULD BE CONDUCTED IN THE LIGHT OF OUR MUTUAL INTERESTS AND IN THE FRAMEWORK OF US POLICY, NOT JUST ON THE BASIS OF OUR BILATERAL RELATIONS. THE STUDY WOULD BE CARRIED OUT WITH BASIC SYMPATHY AND REASONABLE PROMPT-

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NESS BUT AMERICAN POLICY OBJECTIVES WOULD BE THE FUNDAMENTAL DETERMINANTS. OF COURSE ANY LEGAL RESTRICTIONS WOULD HAVE TO BE TAKEN INTO ACCOUNT TOO. THIS WAS THE MESSAGE NEGASH SHOULD TAKE BACK TO HIS GOVERNMENT. AT THIS TIME IT IS NOT POSSIBLE TO TELL WHETHER WE WILL BE ABLE TO INCREASE THE LEVEL OF OUR ASSISTANCE TO ETHIOPIA. WHATEVER THE DECISION, U.S. DESIRE FOR CONTINUED CLOSE RELATIONS WITH ETHIOPIA COULD NOT BE AFFECTED.

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